

FY 2002-03 Bond Issues

1. \$13,275,000 Refinancing of 1991 Parking Garage Certificates of Participation (COP's) and issuance of additional COP's for Davie Street Garage improvements – September 1, 2002

On September 1, 2002, the outstanding COP's of the 1991 debt issue in the amount of \$13.1 million (6.25% interest rate) were refunded over their remaining term of six years. **Due to declining interest rates in the two months preceding the sale, we achieved a gross savings on the refunding of \$1,125,075 and an all-in true interest cost (TIC) of 3.04%.** (After issuance costs, the net savings were approximately \$900,000 or an annual savings of \$150,000, far in excess of the minimum \$50,000 annual savings we were looking to achieve and the \$100,000 annual savings projected July 2002.) The transaction involved the sale of \$13,275,000 Parking Facilities COP's, including \$1,505,000 for the Davie St. Parking Garage renovation and \$11,770,000 in refunding COP's and the escrow of \$1,535,000 due December 1, 2002, funded from current year budgeted debt service. The savings funded 54% of the \$1,665,000 in debt service costs for the Davie St. garage renovation.

2. \$50 Million General Obligation Bonds (approved in the 2000 bond referendum) and \$22.8 Million Refunding General Obligation Bonds – February 1, 2003.

In January 2003 we sold \$50 million in GO bonds representing about one-third of the \$135.9 million in GO bonds approved by voters in 2000. These 20-year bonds were issued for transportation, public safety, parks and recreation and library facilities. \$10 million of the bond proceeds were used to retire GO bond anticipation notes issued June 2002. The remaining bonds will be issued in series in 2005, 2007 and 2009. The \$50 million GO bonds were comprised of \$40 million fixed rate bonds and \$10 million variable rate bonds. **The 17-year fixed rate bonds were issued at an All-In TIC of 3.86% and the 10-year variable rate bonds priced at 1.15%.**

In January 2003 we also sold \$22.8 million in GO refunding bonds to refinance 1994A & 1994B fixed rate GO bonds of \$22.5 million over their remaining term of 11 years. Those serial bonds had rates of 5.4% to 6.0%. **The refunding bonds were issued at an All-In TIC of 2.58% and achieved a gross savings of \$1,864,815.** (After issuance costs, the net savings were approximately \$1.77 million or an annual savings of \$160,000.)

3. \$43.4 Million Water and Sewer Revenue Bonds and \$31 Million Refunding Revenue Bonds – June/July 2003

In June 2003, outstanding 1995 revenue bonds of \$31,070,000 were refinanced with a savings of \$2,904,000. The savings were used to reduce the amount borrowed for projects financed by the Series 2003 revenue bonds from \$46.3 million to \$43.4 million. The Series 2003 bonds were issued July 15, 2003 for various water and sewer projects including the Haw River water line/pump station and the Gallimore Dairy Road and Reedy Fork lift stations. **The Series 2003 revenue bonds consisted of (1) 25-year fixed rate bonds of \$33.4 million, issued at an All-in-TIC of 4.59% and (2) 10-year variable rate bonds priced at 1.00%.**

4. Summary: \$94,905,000 in new debt issued with interest rates of 3.04% to 4.59% \$65,640,000 debt refinanced reducing future payments by \$5,893,890